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URBAN/MUNICIPAL

Annual Report



1988

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The Hamilton
Harbour
Commissioners

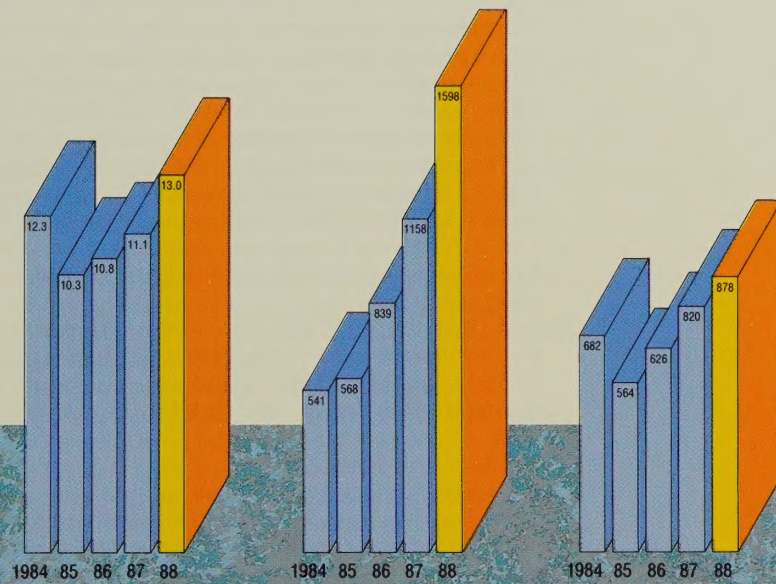
J. L. Agro, Q.C.
Chairman

P.G. Lush
Commissioner

D. M. Beattie
Commissioner

R. R. Hennessy, P.Eng.
Port Director

Five Year Summary



Total Tonnage
(metric tonnes in millions)

Overseas Tonnage
(metric tonnes in thousands)

Vessel Arrivals
(number of ships)



**Message
from
The Chairman
and
Port Director**

The Port of Hamilton continued with its established growth pattern during the 1988 shipping season. Certainly part of our growth can be attributed to the strong economy that existed in central Canada throughout the year. However, we believe the growth also stems from our positive momentum, maintaining a pro-business attitude and of course, an expanding port infrastructure. These factors, when combined with a strong and loyal customer base, have contributed not only to greater cargo movements but also to a wider diversity in the port's commodity and industrial base.

The Port of Hamilton, in 1988, saw increases in cargo unsurpassed in our history. There were tonnage gains in all sectors; in both break-bulk and bulk cargoes and in both overseas and domestic trade.

It is gratifying to see substantial Port investment in new equipment and expanded docks being fully utilized to assist port customers in moving their cargoes.

A total of 13,027,281 tonnes of cargo was transported by ship to and from the Port of Hamilton in 1988. Domestic and U.S.A. trade made up 11,428,987 tonnes of this total, while 1,598,294 tonnes were moved directly to overseas markets in ocean trade ships. A total of 878 cargo carrying ships called at the Port during the year.

This is the most overseas cargo ever shipped through the Port of Hamilton in a single shipping season. It is indeed a pleasure to be able to report this statistic not only as a tribute to the growth of the Port in serving world markets but also as an indicator of the health and vitality of the Great-Lakes-St. Lawrence Seaway system as an international trade link.

Navigation into the port opened on April 1st with the arrival of the M.V. "Rimouski" carrying ore destined for Stelco. The first "saltie" of the season, the M.V. "Sava" arrived from South America on April 2nd carrying general cargo to Dofasco.

Steel was the predominant overseas commodity in 1988 but the Port also handled significant movements of specialized machinery and heavy lift cargoes, including the production equipment for the new automobile manufacturing plants of Cami and Toyota. The Commissioners added lift truck capacity to our overseas terminal fleet to help service these heavy lift cargoes.

The Port was pleased to welcome Montank Transit to Pier 11 in 1988. Montank has developed an 18 acre liquid bulk terminal and offers custom handling of a wide variety of liquid cargoes. This terminal provides a valuable addition to the overall cargo capabilities of the Port. The Commissioners deepened Pier 11 to Seaway draft, and installed new rail sidings at a cost of \$637,000 in order to accommodate this new business.

In 1988, The Hamilton Harbour Commissioners spent a total of \$2.26 million dollars on capital improvements to port equipment and infrastructure. The Commissioners also paid a total of \$1.62 million dollars in municipal property taxes during the year.



The Commissioners continued their active role in providing recreational opportunities within the Port in 1988. Our Marina operated at its full capacity of 235 small craft slips while an additional 90 offshore mooring cans were set out for the boating season. 1988 marked the 50th anniversary of operation for the Commissioners' marina. This facility, after half of a century of service to the boating public, remains the only full service marina in Hamilton Harbour and Western Lake Ontario.

The Hamilton Harbour Commissioners Sailing School saw a total of 3,000 students take instruction in sailing at levels ranging from novice to instructor. Over 1,000 of these students participated in our Community Sailing program which provides sailing opportunities to the mentally, physically and financially disadvantaged.

The Commissioners also approved plans in late 1988 for the construction and operation of a new small craft launch facility to be constructed adjacent to the Harbour entrance. This facility, when completed in 1989 will offer increased small craft access to both Hamilton Harbour and Lake Ontario.

The Port of Hamilton continued its support of several important harbour organizations in 1988 including the American Association of Port Authorities, the Canadian Port and Harbour Association and the International Association of Great Lakes Ports.

The Port carried on in its leadership role in the Port of Hamilton Oil Spill Control Group, a cooperative of fifteen industries in the Port, prepared to give immediate response to environmental emergencies within the harbour and western Lake Ontario.

We would like to acknowledge and thank the Government of Canada and our neighbouring municipalities for their on-going support of the Port. We would also like to thank the Port's labour force and our professional and office staff for their extra efforts in one of our busiest years.

The Board of Commissioners was ably served in 1988 by Mr. Peter Lush representing the federal government, and by Mr. Duncan Beattie who joined the Board in 1988 as a representative from the City of Hamilton. He replaced Mr. Ray Bartolotti who leaves with our thanks for his able assistance during his term of office.

As we look ahead to 1989 our task will be to maintain cargo volumes while anticipating higher interest rates and a slowing economy. The Commissioners, together with Port management and staff look forward to this challenge.

J. L. Agro
J. L. Agro, Q.C.
Chairman



R. R. Hennessy
R. R. Hennessy, P.Eng.
Port Director



Financial Statements

BALANCE SHEET

DECEMBER 31, 1988

ASSETS

	1988	1987
CURRENT		
Cash	\$ 524,332	\$ 676,594
Accounts receivable	1,482,117	1,242,564
Accrued interest receivable.....	551,150	518,863
Inventory	70,286	60,856
Prepaid expenses	22,867	106,944
	<u>2,650,752</u>	<u>2,605,821</u>
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 2)	12,406,964	9,425,200
FIXED (note 3).....	<u>34,500,578</u>	<u>33,603,207</u>
	<u>\$49,558,294</u>	<u>\$45,634,228</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 466,023	\$ 584,677
Current portion of long-term debt	50,000	50,000
	<u>516,023</u>	<u>634,677</u>
LONG-TERM (note 4)	525,000	575,000
TOTAL LIABILITIES	<u>1,041,023</u>	<u>1,209,677</u>

CAPITAL

GENERAL CAPITAL.....	36,110,307	34,999,351
RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (note 2)	12,406,964	9,425,200
	<u>\$49,558,294</u>	<u>\$45,634,228</u>



STATEMENT OF GENERAL CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1988

	1988	1987
GENERAL CAPITAL — Beginning of year	\$34,999,351	\$30,200,915
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	4,092,720	2,023,636
RESERVE FUNDS UTILIZED FOR HARBOUR IMPROVEMENTS	—	2,774,800
	<u>39,092,071</u>	<u>34,999,351</u>
ALLOCATION TO RESERVE FOR FUTURE HARBOUR IMPROVEMENTS	2,981,764	—
GENERAL CAPITAL — End of year	<u>\$36,110,307</u>	<u>\$34,999,351</u>

STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 1988

	1988	1987
REVENUE		
Operating revenue	\$ 9,965,161	\$ 6,772,710
Other	1,285,392	1,176,723
	<u>11,250,553</u>	<u>7,949,433</u>
OPERATIONS		
Operating expense	3,836,208	2,905,562
Depreciation of docks, buildings and equipment	1,313,000	1,144,930
	<u>5,149,208</u>	<u>4,050,492</u>
GROSS OPERATING MARGIN	6,101,345	3,898,941
ADMINISTRATIVE, OFFICE AND GENERAL	1,983,359	1,845,570
INTEREST ON LONG-TERM DEBT	25,266	29,735
	<u>2,008,625</u>	<u>1,875,305</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u>\$ 4,092,720</u>	<u>\$ 2,023,636</u>

AUDITORS' REPORT

**To The Hamilton
Harbour Commissioners**

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1988 and the statements of revenue and expense, general capital and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. Our audit complies with the provisions of The Hamilton Harbour Commissioners Act.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1988 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Hamilton, Canada
April 4, 1989

Pannell Kerr MacGillivray
Chartered Accountants

STATEMENT OF CHANGES IN CASH RESOURCES

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988	1987
OPERATIONS		
Excess of revenue over expense	\$ 4,092,720	\$ 2,023,636
Items not affecting working capital		
Depreciation	1,313,000	1,144,930
Net loss (gain) on fixed asset disposals	879	(30,767)
Working capital derived from operations	5,406,599	3,137,799
Decrease (increase) in working capital —		
Accounts receivable	(239,553)	1,035,161
Accrued interest receivable	(32,287)	211,840
Inventory	(9,430)	15,070
Prepaid expense	84,077	(36,946)
Accounts payable	(118,654)	(897,417)
	<u>5,090,752</u>	<u>3,465,507</u>
INVESTING		
Fixed asset acquisitions	(2,212,050)	(5,755,047)
Proceeds on disposal of fixed assets	800	30,768
	<u>(2,211,250)</u>	<u>(5,724,279)</u>
FINANCING		
Repayment of long-term debt	(50,000)	(132,740)
Investments (appropriated) utilized for		
harbour improvements	(2,981,764)	2,774,800
	<u>(3,031,764)</u>	<u>2,642,060</u>
(DECREASE) INCREASE IN CASH RESOURCES	(152,262)	383,288
CASH RESOURCES — Beginning of year	676,594	293,306
CASH RESOURCES — End of year	<u>\$ 524,332</u>	<u>\$ 676,594</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. SIGNIFICANT ACCOUNTING POLICIES

The Commissioners have adopted the following accounting policies:

(a) Revenue and expense are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at a rate designed to amortize the cost over the useful life of the asset:

Docks and improvements	—	2%, 5%, 10%, 20%
Buildings	—	2-1/2%, 5%, 10%, 20%
Vessels and equipment	—	10%, 15%, 20%

(c) Inventory

Inventory is recorded at cost determined on a first-in, first-out basis, with appropriate provision for obsolescence.

(d) Grant Recognition

Capital grants are recorded, when receivable, as an increase in General Capital.

2. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners transferred \$2,981,764 to the reserve for future harbour improvements. The balance in the reserve, amounting to \$12,406,964, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1988, the Commissioners approved a five-year capital budget in the aggregate amount of \$29,885,000.

3. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
			1988	1987
Land, docks and harbour improvements	\$36,542,853	\$10,035,354	\$26,507,499	\$27,024,380
Buildings	8,242,408	5,849,530	2,392,878	2,216,852
Equipment and vessels	4,905,911	4,154,680	751,231	676,766
Capital development in progress	4,848,970		4,848,970	3,685,209
	<u>\$54,540,142</u>	<u>\$20,039,564</u>	<u>\$34,500,578</u>	<u>\$33,603,207</u>

4. LONG-TERM DEBT

Debentures payable —

	1988	1987
Government of Canada, 4-1/8%, to be paid before the year 2005	\$ 575,000	\$ 625,000
Current portion	50,000	50,000
	<u>\$ 525,000</u>	<u>\$ 575,000</u>

The Commissioners are repaying the principal sum at \$50,000 per annum.

1988

Highlights

50 years of service to the boating community

The Marine Dockyard facility operated by the Hamilton Harbour Commissioners saw its 50th year of operation celebrated in 1988. The Dockyard includes 230 fully serviced slips as well as 250 moorings, and is equipped to refinish and refurbish fiberglass, steel, wood, and aluminum vessels. A 50 ton travel lift, 15 ton boat carrier and several forklifts with a scope of 3 to 13 tons round out the vessel handling capacity of the Dockyard, which includes the Harbour's only fueling and waste pump out facility for pleasure craft. The Marine Dockyard is also the only full service marina facility in the western end of Lake Ontario.



Liquid terminal expands at Port

The Port of Hamilton's liquid storage capacity was significantly increased with the arrival of Montank Transit at Pier 11.

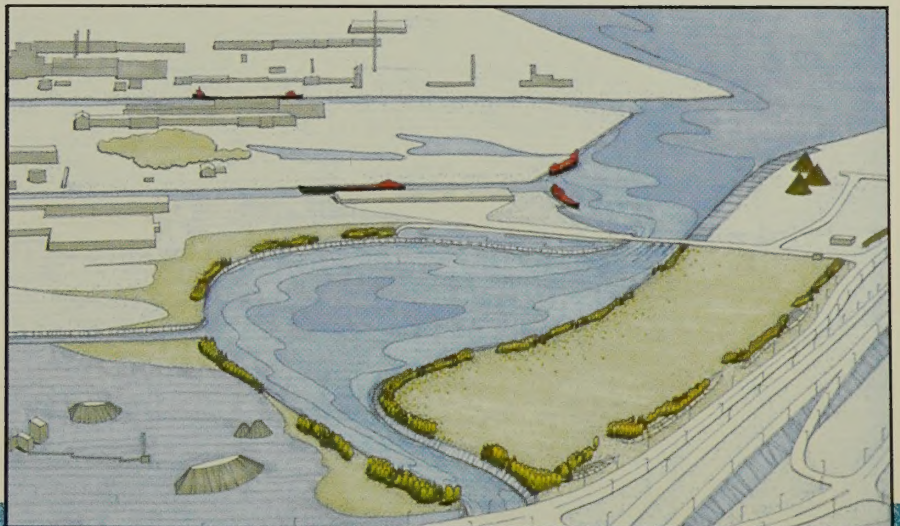
Montank Transit acquired the existing 17.3 acre liquid terminal facility at Pier 11 and plans the addition of 30 tanks, increasing the total capacity to 146,000 cubic metres or 910,000 barrels, making it one of Canada's largest and most versatile public bulk liquid facilities. Montank is also planning to expand further in 1989/90.



The Windemere Basin rehabilitation project got underway in 1988

The 350,000 cubic metres of contaminated sediments located in the middle of the 100 acre basin will be deposited behind dykes along the shoreline, into holding cells which will then be capped with clean fill to prevent re-introduction of the sediment into the environment.

The plan has met with the approval of the Federal Environmental Assessment Review Process.



During 1988 the Port of Hamilton handled a record amount of overseas cargo shipped in a single season. A total of 159 cargo carrying ocean trade ships called at the Port, affirming the importance of the Great Lakes and the St. Lawrence Seaway System in international trade.







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